

MCH PRIVATE EQUITY INVESTMENTS S.G.E.I.C., S.A.

RESPONSIBLE INVESTMENT POLICY

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1. INTRODUCTION

MCH PRIVATE EQUITY INVESTMENTS S.G.E.I.C., S.A. ('MCH'), based in Madrid, is a management company of several private equity investment vehicles focused on medium-sized companies, with its principal place of business located in Spain and, to a lesser extent, in Portugal (the "Management Company").

MCH considers it part of its fiduciary duty to act in the long-term interest of its investors and society by managing ESG risks and opportunities. MCH believes that making responsible decisions considering its social and environmental impact can positively affect the financial performance of its investments, maximising their long-term value, reducing risks and aligning MCH's investors with the overall objectives of the company.

Through the definition and approval by the Board of Directors of MCH of this Responsible Investment Policy (the "Policy"), MCH formalises its commitment to responsible investment practices. Accordingly, this Policy aims to define a structured approach to the integration of ESG issues into the investment and management decision-making of investees, in response to Article 3 of Regulation (EU) 2019/2088, also known as SFDR.

Furthermore, this policy seeks to inform about the sustainable investment strategy of the different investment vehicles managed by MCH and to distinguish between those investment vehicles in which MCH integrates ESG features and those that additionally have a sustainable investment objective (positioned as article 9 according to SFDR). While the principles and procedures followed to integrate ESG issues are cross-cutting across all vehicles, the importance of certain ESG issues and the detail and depth of the processes considered during the investment cycle may vary depending on the investment strategy and, accordingly, be developed in specific regulations/manuals or management policies at the level of the investment vehicles.

This Policy is intended as a framework for the internal management of MCH, as well as for the management of its investee companies, and is intended to be applicable to all phases of the investment process, from the pre-investment phase through the ownership phase to the divestment phase.

2. CORPORATE GOVERNANCE

In order to implement a professionalised integration of sustainability in all areas of the Management Company, MCH has strengthened the organisational structure at departmental level as well as at the level of decision-making, monitoring and control bodies:

1. The **ESG Committee**, which reports to the Board of Directors of the Management Company, oversees the implementation of the Responsible Investment Policy and ESG integration. It also shapes the sustainability strategy and objectives at the Management Company level, and ensures compliance with sustainability commitments. It promotes new sustainability practices, annually reviews ESG policies and procedures, and promotes ESG training for MCH investment professionals. Composed of three members, it meets quarterly and reports directly to the Board

of Directors, addressing the integration of sustainability into the Management Company and portfolio companies of the different investment vehicles.

2. The **Head of Sustainability**, appointed by the MCH Board of Directors, coordinates the implementation of the sustainability strategy. His/her functions include reviewing and promoting the implementation of the Policy, coordinating the sustainability strategy internally and in investee companies, participating in the ESG Committee, supporting the investment teams, coordinating the collection of sustainability information, promoting responsible investment standards and practices, reporting and ensuring regulatory compliance. In addition, it handles investor requests at the Management Company level, supports ESG risk assessment and relies on the collaboration of all staff and external advice when necessary.
3. As MCH seeks to integrate the inclusion of sustainability considerations inherently into investment processes, **the investment team** will be responsible for integrating ESG and impact considerations (for those investments pursuing a sustainable investment objective) into the investment decision-making process, as well as monitoring the ESG and impact performance of investees as appropriate.
4. In addition, there are **other supervisory and organisational bodies** voluntarily delegated by the Management Company to external experts of recognised competence and capability to ensure the governance of the responsible investment process in terms of independence, efficiency and transparency in the execution of certain functions and activities. Details of these functions are set out in the Organisational Policy of MCH.
5. Ultimately, the **MCH's Board of Directors** will be responsible for approving, updating and monitoring the Policy.

3. RESPONSIBLE INVESTMENT GUIDELINES

MCH's responsible investment guidelines reflect the existing internal commitments governing the conduct and practices of all MCH employees and activities, including those set out in MCH's Internal Code of Conduct, the Money Laundering Prevention Manual, the Risk Management Manual, the Investment Procedures Manual and the Management Regulations of each investment vehicle managed by MCH. These guidelines ensure honest and ethical conduct in all decisions and actions of MCH professionals.

Furthermore, the framework of this Policy is established on the basis of MCH's commitment to the United Nations Principles for Responsible Investment, to which it has been a signatory since 2011, MCH being one of the first Spanish private equity firms to do so. As a signatory to these principles, MCH recognises the importance of incorporating non-financial aspects, such as environmental, social and governance issues, in all its investment decisions and is committed to complying with the following principles:

- **Principle 1:** Integrate ESG issues into investment analysis and decision-making processes;
- **Principle 2:** Be active investors and incorporate ESG issues into our investment policies and practices;

- **Principle 3:** Ensure that ESG issues are adequately disclosed by the entities in which we invest;
- **Principle 4:** Promote the acceptance and application of these principles within the investment industry;
- **Principle 5:** Work together to improve our effectiveness in implementing these principles;
- **Principle 6:** Report on our activities and progress in implementing these principles.

In addition, the Sustainable Development Goals ('SDGs'), adopted by the United Nations in 2015, also act as general guidelines for MCH's activities, helping to align its activities with the global environmental, social and governance roadmap. In particular, MCH actively promotes through its investments: health and well-being (3), sustainable economic development (8), sustainable economic growth (9) as well as the prioritisation of companies that promote responsible consumption and sustainable production (12).

4. RESPONSIBLE INVESTEMENT STRATEGY

A defined strategy can significantly enhance sustainability-related decision making during the investment lifecycle, but can also support fundraising activities, providing a framework for responses to investor queries and helping to demonstrate a track record of responsible investment. To achieve its ESG objectives, and sustainable investment objectives - for those vehicles where applicable - MCH bases its strategy on six key pillars:

- I. **Promote the incorporation of ESG issues at all stages of the investment process.** For the execution of its responsible investment process, MCH integrates sustainability factors according to the specific characteristics of each fund's strategy, from the moment of origination of the opportunity, the analysis and due diligence process, the investment decision making process, the formalisation of contracts, portfolio management and finally the divestment phase.
- II. **Promote the application of ESG principles in MCH's investee companies.** As part of MCH's firm belief that ESG principles create value and reduce risks in investments, a strong lever to increase the value of investments is the promotion and application of these principles in all investee companies in which the investment vehicles managed by MCH invest and over which MCH has influence.
- III. **Monitor improvements in ESG performance of investments.** ESG principles should be considered as one more piece to manage and monitor within the complex structure of a company. Therefore, like any other financial ratio, ESG performance must be monitored and measured in order to make correct and critical decisions about future ESG actions in the investee companies in which MCH managed investment vehicles invest and over which MCH has influence.
- IV. **Report on the Responsible Investment Policy and provide information on our approach to ESG issues.** As part of an exercise of transparency, commitment and accountability, MCH considers

that communication of ESG actions should be a fundamental part of its ESG strategy, providing adequate information to different stakeholders.

- V. **Incorporate ESG analysis as an inherent responsibility of the investment team:** To ensure proper integration of ESG issues into the daily activities of MCH professionals, it is important that the entire investment team develops the necessary knowledge and training to be familiar with the aspects and procedures established by this Policy.
- VI. **Promote investment vehicles with sustainable investment strategies:** MCH intends to deepen its sustainability strategy in certain investment vehicles by focusing them on sustainable investments based on the achievement of clear sustainability objectives and therefore positioning them as article 9 in the SFDR.

MCH believes that ESG factors can have a material impact on investee companies, improve revenues and reduce costs by reducing risks and identifying opportunities, while having a positive impact on society and the environment. Depending on the special characteristics of each investee company, ESG issues can have a material impact on its performance and future development and MCH will strive to implement them in the best possible way.

5. INTEGRATION OF SUSTAINABILITY FACTORS THROUGHOUT THE INVESTMENT CYCLE

MCH is committed to integrating ESG factors throughout its investment decision-making process in an effort to implement its sustainability strategy. Together with the investee companies in which the investment vehicles managed by MCH invest and over which MCH has influence, MCH will encourage the investee company, if necessary, to develop an ESG implementation plan and to establish appropriate monitoring measures. Near the end of the investment, MCH shall review and assess ESG performance during the ownership phase and evaluate whether this performance can be reflected in the exit value.

Furthermore, for sustainable investments, MCH commits to additionally integrate impact aspects into the investment decision-making process and to monitor and evaluate the impact generated during the investment period.

A. Pre-investment

MCH intends to invest in companies with environmentally and socially responsible business models, taking an ESG commitment and a long-term view. To this end, MCH has drawn up a generic exclusion list that applies to all its investment vehicles and includes those activities in which under no circumstances may any MCH fund invest. This list is detailed in Annex I of this policy. This list may be reviewed and updated from time to time by MCH. The list of excluded activities may be expanded by MCH according to the requirements of the investors of the different investment vehicles in accordance with their legal documentation. This exclusion list corresponds to the first phase of the internal analysis carried out by MCH.

In addition, when the investment team is evaluating potential investments, it seeks to identify the level of ESG risk exposure of the company, taking into account the nature of the investment and the sector in which it is located. This initial assessment will act as an internal ESG due diligence (“Internal ESG DD”) and will help determine the sustainability risks and opportunities to be examined by an external advisor.

Subsequently, MCH will request external ESG due diligence (“External ESG DD”) depending on the risk profile identified and the nature of the activity that the potential investee company carries out. The scope of the External ESG DD will be determined based on the results of the Internal ESG DD carried out by the investment team and should include at least: (i) alignment with the Responsible Investment Policy, (ii) analysis of sectoral risks and opportunities, (iii) the company's current status on ESG issues and the level of commitment of senior management in relation to sustainability, among others. In addition, the ESG External DD work will identify a 100-Day and 3-Year ESG Action Plan to improve the ESG performance of the investee, and will define a proposal for key performance indicators to be actively monitored during the investment period.

For those investments pursuing a sustainable objective, the External ESG DD will assess in greater detail the level of alignment of the company's impact thesis with the fund's investment objectives, as well as the company's ability to measure and report on the PAI indicators (Principal Adverse Impacts, as defined by the SFDR) and to follow good governance practices to meet the SFDR's definition of sustainable investment.

Once the internal and external assessment has been completed, the results will be reviewed by the investment team and the main findings will be presented to the Investment Committee through the ESG section of the Investment Memorandum, which will take into account all ESG issues before making a decision. The Investment Committee will decide whether the issues identified in the DD process are sufficient to rule out the investment. Investment decisions for funds with a sustainable objective will also assess the results of the ESG impact analysis.

For clarity, the Investment Committee will take into account ESG findings during due diligence but these will not be exclusive aspects of the final decision. Notwithstanding the above, the vision of the potential investment should be taken into account in the consideration of the most relevant ESG aspects for its sector, model and product, as well as showing a clear willingness and ability to implement the necessary steps for improvement. For investments of funds positioned as article 9 according to SFDR, the Investment Committee will decide to exclude a potential investment if it does not present a clear impact thesis that would ensure the contribution of this company to a social or environmental objective and therefore be considered as a sustainable investment.

B. Portfolio management

During the ownership phase, MCH is committed to strengthen the ESG performance of the investee companies, in which the investment vehicles managed by MCH invest and over which MCH has

influence, by promoting an active inclusion of relevant ESG issues in their activities and monitoring their improvement on a regular basis.

Together with the Board of Directors of the investee company, where possible, a more detailed analysis of ESG performance will be carried out in order to identify ESG issues and procedures, as well as existing areas of unmanaged risk and areas of untapped opportunities.

To the extent feasible, the MCH investment team and the Board of Directors of the investee company will define and implement an ESG action plan and designate a member of the investee company's staff to manage, monitor and report on its progress. This action plan will take the form of a 100-Day and 3-Year ESG Action Plan with different targets to be met in the respective periods based on the most material issues for the investee company identified in the pre-investment phase. The achievement of these objectives will be reviewed periodically by the investment team of each investee, which may visit the company's facilities to ensure compliance with both action plans within the stipulated periods.

Each investee company's level of ESG management will vary depending on its representation on the MCH Board of Directors and the date of investment. For new investments, the Responsible Investment Policy will mark the start of the ESG strategy of new investee companies. However, for previous investments that could not be assessed under this Policy, they should be reviewed to establish as far as possible an ESG strategy similar to the current one.

In addition, MCH will regularly monitor the ESG performance of investee companies. In this context, MCH has contracted a recognised ESG data reporting platform to collect key ESG performance metrics as well as PAI indicators for each company in order to reflect ESG performance and cover issues that could negatively affect the company.

In addition, MCH will conduct quarterly valuations of its portfolio through an external advisor. In these valuations, the external valuator requires investee companies to report on a selection of ESG KPIs depending on the specific materiality of the company and the sector of activity in which it is located.

Investee companies are required to immediately notify MCH of any fines or penalties, complaints or litigation related to ESG issues, such as accidents and incidents that have or may have a significant adverse effect on the environment, health or safety, including any remedial action planned or taken by the company in response to such an event. This requirement shall be incorporated into the Shareholders' Agreement or similar document at the time of investment in a company whenever possible.

For those investments that pursue a sustainable objective (article 9 according to SFDR), during the ownership phase, in addition to committing to strengthen the ESG performance of the investee companies, investments are also supported in generating positive impact, promoting an active inclusion of impact aspects and monitoring their improvement on a regular basis.

To this end, MCH's periodic review of investee companies' ESG performance will additionally include a set of impact metrics to reflect the company's contribution to a sustainability objective and to

ensure that this does not vary over the investment period. The impact performance results of the relevant investees will be included in the MCH's annual sustainability report.

C. Disinvestment

MCH believes that the result of implementing and maintaining an ESG strategy during the investment and ownership phases should be reflected in the divestment phase, as improved ESG performance contributes to increasing the value of the company.

In this context, if deemed appropriate by MCH or requested by prospective buyers, the ESG actions developed and implemented, including the benefits and positive impacts they have had on the company's performance, will be communicated as part of the divestment process. While some level of ESG due diligence (internally or through third parties) may be required during the divestment phase to capture the value creation of ESG efforts, ESG reports produced during the life of the investment can also be a source of evidence of good management of ESG issues.

In the divestment processes of sustainable investments (article 9 according to SFDR), MCH will include the enhancement and evolution of the positive impact of investee companies during the investment and ownership phases in the communication to prospective buyers in order to reflect the additional value of the company as a catalyst for positive impact. If required by the prospective buyer, an impact due diligence report by the seller (prepared internally or through external experts) could be conducted to reflect such additional value.

6. REPORTING

In line with its commitment to transparency and accountability, MCH believes that communication of ESG actions should be a fundamental part of its strategy, providing adequate information to investors, companies and society.

In this context, MCH is committed to comply with the reporting requirements of the SFDR, disclosing in a timely manner those requirements at entity level and investment vehicles that promote social and environmental characteristics (SFDR Article 8 funds) as well as for sustainable investment vehicles (SFDR Article 9 funds).

It will also communicate to its investors the progress made in ESG and impact related activities, both on MCH and its investee companies, through the publication of an annual ESG performance report which will also include progress on impact aspects for those investments considered sustainable. This report will be approved by MCH's Board of Directors and will be published on MCH's website and sent together with MCH's annual report to its investors. In addition, MCH will continue to respond to specific investor ESG surveys when requested. In line with its commitment to the UN PRIs, MCH will produce a transparency report on an annual basis

ANNEX 1. EXCLUSION LIST

Based on the UN PRI “Negative Screening” requirements and the European Investment Bank's (EIB) list of excluded and restricted investment activities, MCH has defined the following generic list of excluded activities and sectors that do not meet MCH's investment objectives and under which no investment vehicle managed by MCH will invest in companies whose income is primarily attributable to:

- An economic activity that is illegal according to the legal or regulatory provisions of the national jurisdiction for that type of production, trade or activity;
- Activities related to the production of tobacco products and distilled alcoholic;
- Activities related to distribution and any other commercial activity related to pornography;
- Coal energy production, storage and supply;
- Activities related to the sale or production of ammunition and weapons, military/police equipment or infrastructure;
- Activities related to human cloning or genetically modified organisms (GMO);
- Activities involving considerable damage to the environment such as forest degradation, destruction of specially protected habitats or areas of high conservation value;
- Activities related to the extraction of conflict minerals and metals;
- Activities related to the development and/or implementation of projects whose outcome limits the individual rights of persons or violates human rights.

This generic list will be revised according to the requirements of investors in the different investment vehicles.